

Applicants: Colin Lawrence Kilgour
Application No. 09/904,986
Amendment in Response to Office Action dated May 23, 2006

REMARKS

This is response to the official action dated May 23, 2006. Reconsideration in view of the following is respectfully requested.

The examiner has objected that claim 37 is dependent on itself. This has been corrected in the attached. The objection to the disclosure has been corrected.

With respect to the substantive rejections under section 103, it is believed that the examiner has misunderstood the nature of the present invention. The present invention provides a means for institutional investors to actively trade AR through a large-scale Exchange mechanism (see para. [0022] of the published application). However, the "means" is not securitization, but an exchange between owners of lots of AR and investors wishing to purchase lots of AR.

The examiner, citing Barron's Dictionary of Finance and Investment Terms, points to the definition of "securitization" and "asset-backed securities" in Barron's. Likewise, the examiner points to sections in Gulati (US Patent No. 6,778,968) describing securitization of mortgage loans. Finally, the examiner takes official notice that the above disclosures, including the operational disclosures by Gulati "cover the trading of any securitized financial instrument, and the active market for securitized Accounts Receivable" at the time of the Applicant's invention.

However, the present claimed invention does not relate to securitized accounts receivable. For instance, present claim 1, which the examiner takes up at some length, provides simply:

1. A method for facilitating a financial investment in at least one accounts receivable owned by a first person, comprising the steps performed by a systems manager using a computer-based system of:
 - (d) enrolling the at least one accounts receivable owned by the first person as a lot for a trade using a computer database;

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- (e) receiving at least one bid from at least one bidder for purchasing the lot; and,
- (f) determining the result of the trade for the lot;

wherein each account receivable of the at least one accounts receivable is associated with a merchant's buyer and a merchant.

Securitization is not a part of the claimed invention in present claim 1 or in any other claim of the application. It is also noted that the applicants carefully distinguish between their invention and securitization in various parts of the disclosure, such as for instance in paras. [0018-0019], [0034], [0052-0053], [0063].

Therefore, the examiner's statement that "it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention that the economy of scale barriers to economically *securitizing* small value bundles of accounts receivable for much smaller commercial entities were gone and that the *securitization* of dramatically smaller dollar amounts of accounts receivable had been made economically feasible" is not on point and does not accurately reflect the claimed invention.

The examiner has not demonstrated that the claimed invention is anticipated or obvious by virtue of any of the cited references, as the examiner's construction of the claimed invention is incorrect. The claims have been construed by the examiner so as to improperly import a concept of securitization that is simply not present in this invention.

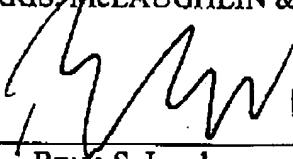
Nonetheless, in an effort to speed prosecution and to clarify what is being claimed, each of the independent claims 1, 22, and 30 has been amended to specify that "the first person retains ownership of the at least one accounts receivable in the lot unless a successful bidder is determined in step (c)" (see paragraph [0210] for support). This is not the case with AR securitization, which involves the transfer or sale of the AR to a specially created trust (SPV) which repackages it as securities (see Barron's, "Asset-Backed Securities"). By contrast in the present case, the "first person" may be the merchant or the investor (in the case of a secondary market). There is no intermediate transfer to a trust or pool prior to bidding on the exchange.

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Accordingly, since of none of the cited references, alone or in combination, teach or contemplate the invention as set forth in the amended claims, the rejection should be withdrawn.

Respectfully submitted,

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By 

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